

RESOLUTION NO.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF  
SAN JOSE CALLING AND GIVING NOTICE OF THE  
SUBMISSION TO THE ELECTORS OF THE CITY OF  
SAN JOSE, AT A SPECIAL MUNICIPAL ELECTION TO  
BE HELD ON NOVEMBER 6, 2012, AN INITIATIVE TO  
EXPAND GAMBLING IN SAN JOSE BY AMENDING THE  
MUNICIPAL CODE**

**WHEREAS**, San José City Charter Sections 1600 and 1601 authorize the City Council to set the date for a Special Municipal Election; and

**WHEREAS**, pursuant to California Elections Code Section 9215 and San José Municipal Code Section 16.04.010, the City Council is required to submit to the electors of the City of San José an initiative expanding gambling in San José by amending two sections of the San José Municipal Code to (1) allow the maximum number of Card Tables in the City to increase from 98 to 128 as of January 1, 2013, and then increase from 128 to 158 as of January 1, 2014; (2) allow Cardrooms to offer any form of gambling lawful in California after July 1, 2012, without additional voter approval; and (3) require the City to review the rules for additional permissible gambling.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF  
SAN JOSE THAT:**

**SECTION 1.** A Special Municipal Election is hereby called and ordered to be held in the City of San José on November 6, 2012, for the purpose of voting on an initiative expanding gambling in San José by amending two sections of the San José Municipal Code to (1) allow the maximum number of Card Tables in the City to increase from 98 to 128 as of January 1, 2013, and then increase from 128 to 158 as of January 1, 2014; (2) allow Cardrooms to offer any form of gambling lawful in California after July 1, 2012,

without additional voter approval; and (3) require the City to review the rules for additional permissible gambling.

The actual language of the proposed Cardroom Gambling Initiative amending the Municipal Code is attached to this Resolution as Exhibit A.

**SECTION 2.** The initiative will be placed on the ballot for the November 6, 2012 election in the following form:

**Cardroom Gambling**

Shall gambling be expanded by amending the Municipal Code to (1) allow the maximum number of Card Tables in San José to increase from 98 to 128 on January 1, 2013 and from 128 to 158 on January 1, 2014; (2) allow Cardrooms to offer any form of gambling lawful in California after July 1, 2012, without additional voter approval; and (3) require San José to review rules for additional permissible gambling?

YES	
NO	

**SECTION 3.** The City Council hereby requests the Board of Supervisors of the County of Santa Clara, California to permit the Registrar of Voters of Santa Clara County to render to the City of San José such services as the City Clerk of the City of San José may request relating to the conduct of the above-described Special Municipal Election with respect to the following matters:

Coordination of election precincts, polling places, voting booths, voting systems and election officers; Printing and mailing of voter pamphlets; Preparation of tabulation of result of votes cast.

**SECTION 4.** The City Council hereby requests that the Registrar of Voters of the County of Santa Clara consolidate the Special Municipal Election called and ordered to be held on November 6, 2012 with any other election that may be held on that date.

**SECTION 5.** The City Council hereby authorizes the Board of Supervisors of Santa Clara County, California to canvass the returns of the Special Municipal Election.

**SECTION 6.** The City Council hereby directs the City Clerk to reimburse the County of Santa Clara in full for any of the above-mentioned services which may be performed by the Registrar of Voters, upon presentation of a bill to the City, with funds already appropriated to the City Clerk for election purposes.

**SECTION 7.** The City Council hereby directs the City Clerk to take all actions necessary in order to facilitate the Special Municipal Election in the time frame specified herein and comply with provisions of the Elections Code of the State of California, City Charter, Ordinances, Resolutions and Policies with regard to the conduct of the Special Municipal Election.

**SECTION 8.** Pursuant to Section 12111 of the California Elections Code and Section 6061 of the California Government Code, the City Council hereby directs the City Clerk to (a) cause a synopsis of the Cardroom Gambling Initiative to be published in the San José Mercury News, a newspaper of general circulation within the City of San José; (b) consolidate the Notice of Measure to be Voted with the Notice of Election into a single notice; (c) cause the following statement to be printed in the impartial analysis to be prepared by the City Attorney: "If you would like to read the full text of the proposed Cardroom Gambling Initiative, see [www.sanjoseca.gov/clerk/elections/Election.asp](http://www.sanjoseca.gov/clerk/elections/Election.asp) or call 408-535-1260 and a copy will be sent at no cost to you."; and (d) do all other things required by law to submit the Cardroom Gambling Initiative to the electors of the City of San José at the Special Municipal Election, including causing the full text of the

Cardroom Gambling Initiative to be made available in the Office of the City Clerk at no cost and posted on the City Clerk's website.

**SECTION 9.** Pursuant to Sections 9282 and 9285 of the California Elections Code, the City Council hereby authorizes any member or members of the Council to file a written argument [but determines that rebuttal arguments will not be allowed] OR [and approves the submittal of rebuttal arguments in response to arguments for and against the initiative and authorizes any member or members of the Council to author and submit a rebuttal, if any.]

**SECTION 10.** The City Council hereby directs the City Clerk to transmit a copy of the Cardroom Gambling Initiative to the City Attorney for preparation of an impartial analysis.

**ADOPTED** this 7<sup>th</sup> day of August , 2012, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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**CHUCK REED**  
Mayor

ATTEST:

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**DENNIS D. HAWKINS, CMC**  
City Clerk

## EXHIBIT A

### AN INITIATIVE ORDINANCE TO INCREASE GENERAL FUND REVENUE TO THE CITY OF SAN JOSE BY AMENDING TITLE 16 OF THE MUNICIPAL CODE TO ALLOW ADDITIONAL GAMING TABLES AND TO PERMIT GAMING CONSISTENT WITH STATE LAW.

The express findings and purpose stated in the initiative are that: San Jose's two cardrooms currently provide more than \$15 million dollars a year in taxes to the City of San Jose, more than any other single business operating in the City and that this ballot measure is intended to generate approximately \$5 million dollars a year in additional new revenues annually without increasing taxes on San Jose residents. At the recommendation of the New Realities Task Force in 1995, the San Jose City Council adopted an ordinance which expressly reserved 100 tables to enable the City to permit additional gaming tables in the future. This initiative would utilize some of the reserved tables increasing the maximum number of card tables permitted in San Jose over a two year period to be one hundred and fifty-eight. The maximum numbers of tables at any one cardroom, would be seventy-nine. This initiative would also allow cardrooms to offer additional forms of gambling in the event that the State of California legalizes such form of gambling in California. The use of some of the reserved tables to gain additional General Fund revenue is consistent with the intent of the New Realities Task Force.

## **CITY OF SAN JOSE INCREASED CITY REVENUES FROM CARDROOMS ACT**

### **Section 1. Title.**

This Act shall be known and may be cited as the "City of San Jose Increased City Revenues from Cardrooms Act."

### **Section 2. Findings and Purposes.**

The people of the City of San Jose hereby make the following findings and declare that their purposes in enacting this Act are as follows:

(a) Due to the economic downturn, San Jose continues to face extremely difficult budget decisions. Projections are that the City is facing millions of dollars of budget cuts for the next few years. This means severe service cuts and layoffs which will have direct negative impacts on city services and residents. Additional revenues are desperately needed.

(b) San Jose's two cardrooms currently provide more than \$15 million dollars a year in taxes to the City of San Jose, more than any other single business operating in the City. This ballot measure will generate approximately \$5 million dollars a year in additional new revenues annually without increasing taxes on San Jose residents. This additional revenue will help prevent cuts to vital services and layoffs to vital city services and vital city workers. This measure means we can help preserve key city services such as fire protection, library hours, public safety, park programs and street repairs. Every penny of increased cardroom taxes will stay in San Jose and go to vital services.

(c) The Act would increase the maximum number of card tables permitted in San Jose over a two year period to be one hundred and fifty-eight. The maximum numbers of tables at any one cardroom, would be seventy-nine.

(d) The Act would also allow cardrooms to offer additional forms of gambling in the event that the State of California legalizes such form of gambling in California. This would allow the cardrooms to remain competitive in the gambling market and would produce additional revenues for San Jose.

(e) San Jose cardrooms are a major employer in the City with a workforce of more than 1,200 workers. They provide good paying and flexible hour jobs. They are also some of the most highly regulated businesses in San Jose with strict public safety oversight, audit and accountability requirements. San Jose cardrooms pay over \$2 million dollars in fees to cover San Jose city costs of oversight and regulation.

(f) In November 1995, at the recommendation of the New Realities Task Force, the San Jose City Council adopted Ordinance No. 25004 which amended Section 6.22.040 of the Municipal Code expressly reserved 100 tables to allow the City to permit additional gaming tables in the future. On January 1, 1996, 181 tables were permitted by the ordinance then in place in the City. In 1999, Ordinance 25982 replaced the entire Gaming Control Ordinance with a new Title 16. Thereafter, the reserved table ordinance was in effect but uncoded.

(g) Given the revenue needs of the City, the use of some of the reserved tables is consistent with the intent of the New Realities Task Force.

The People of the City of San Jose do ordain as follows:

### **Section 3. Amendments to the San Jose Municipal Code.**

(a) Section 16.040.020 of Chapter 4.77 of Title 4 of the San Jose Municipal Code is hereby amended to read as follows:

#### **16.04.020 Cardroom and Card Table Limitation**

A. The maximum number of Card Tables permitted in the City shall be ~~ninety-eight~~ tables, unless and until otherwise authorized by a vote of the people.

1. Through December 31, 2012, the maximum number of Card Tables permitted in the City shall be ninety-eight tables.

2. Effective January 1, 2013, the maximum number of Card Tables permitted in the City shall be one hundred and twenty eight tables.

3. Effective January 1, 2014, the maximum number of Card Tables permitted in the City shall be one hundred and fifty eight tables.

B. The maximum number of Cardrooms permitted in the City shall be two (2), unless and until otherwise authorized by a vote of the people.

C. The maximum number of Card Tables at any one (1) Cardroom shall be ~~forty-nine~~ seventy nine, unless and until otherwise authorized by a vote of the people.

(b) Section 16.04.030 of Chapter 16.04 of Title 16 is amended to read as follows:

16.04.030 Expansion of gambling.



A. The City Council shall not take any action to expand the amount of cardroom gambling in the City unless and until otherwise authorized by a vote of the people.

B. For purposes of this section, "expansion" shall mean:

1. Any increase in the number of cardrooms or card tables beyond that as specified in Section 16.04.020 above;

2. The use of slot machines or devices, or gambling devices as defined prohibited by State gambling law;

3. Any form of gambling which was not allowed under this code on or before June 30, 1996, or which is prohibited under state gambling law on or before June 30, 1996. Notwithstanding any other provision of this chapter, Cardrooms shall be permitted to offer any form of gambling that becomes is lawful in the State of California after July 1, 2012. The City shall review the rules for any additional permissible gambling.

#### **Section 4. Effective Date.**

The provisions of this Act shall become effective upon the approval of the voters of the City of San Jose pursuant to California Elections Code Section 9217.

#### **Section 5. Severability.**

If any provision of this Act or the application thereof to any person or circumstances is held invalid or unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or applications of this Act, and to this end the provisions of this Act are severable.